

**COMMUNITIES IN SCHOOLS OF  
GREATER NEW ORLEANS, INC.  
(A Nonprofit Organization)**

**Financial Statements**

**For the Years Ended June 30, 2012 and 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Communities In Schools of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the accompanying Statements of Financial Position of Communities in Schools of Greater New Orleans, Inc. ("CIS") (a nonprofit organization), and the related Statements of Activities, Cash Flows, and Functional Expenses as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of CIS's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIS as of June 30, 2012 and 2011, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 29, 2012 on our consideration of CIS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Carr, Riggs & Ingram, LLC*

October 29, 2012

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2012 and 2011**

ASSETS	2012	2011
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 16,929	\$ 136,130
Accounts receivable, net	203,140	118,024
Prepaid expenses	7,509	9,089
Inventory	76,136	24,392
Beneficial interest in assets held by others	57,981	-
	<hr/>	<hr/>
Total Current Assets	361,695	287,635
	<hr/>	<hr/>
Total Assets	<u>\$ 361,695</u>	<u>\$ 287,635</u>
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 616	\$ 19,961
Accrued expenses	21,405	18,752
Deferred revenues	9,525	57,721
	<hr/>	<hr/>
Total Current Liabilities	31,546	96,434
	<hr/>	<hr/>
Total Liabilities	31,546	96,434
	<hr/>	<hr/>
<b>Net Assets:</b>		
Unrestricted	199,391	126,413
Temporarily restricted	73,681	18,440
Permanently restricted	57,077	46,348
	<hr/>	<hr/>
Total Net Assets	330,149	191,201
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 361,695</u>	<u>\$ 287,635</u>
	<hr/>	<hr/>

See accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2012**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2012
Revenues:				
Contract income	\$ 669,343	\$ -	\$ -	\$ 669,343
Contributions	175,747	253,196	11,166	440,109
Federal program revenue	-	815,002	-	815,002
State program revenue	-	39,461	-	39,461
In-kind contributions	97,584	-	-	97,584
Miscellaneous income	91,344	-	-	91,344
Net assets released from restrictions	1,052,418	(1,052,418)	-	-
Total Revenues	<u>2,086,436</u>	<u>55,241</u>	<u>11,166</u>	<u>2,152,843</u>
Expenses:				
Program services	1,964,333	-	-	1,964,333
Supporting services:				
General and administrative	5,547	-	-	5,547
Fundraising	43,578	-	437	44,015
Total Expenses	<u>2,013,458</u>	<u>-</u>	<u>437</u>	<u>2,013,895</u>
Change in Net Assets	72,978	55,241	10,729	138,948
Net Assets, beginning of fiscal year	<u>126,413</u>	<u>18,440</u>	<u>46,348</u>	<u>191,201</u>
Net Assets, end of fiscal year	<u>\$ 199,391</u>	<u>\$ 73,681</u>	<u>\$ 57,077</u>	<u>\$ 330,149</u>

See accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2011**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2012
Revenues:				
Contract income	\$ 1,030,933	\$ -	\$ -	\$ 1,030,933
Contributions	128,948	222,912	46,657	398,517
In-kind contributions	60,544	-	-	60,544
Special event income	500	-	-	500
Miscellaneous income	71	-	-	71
Net assets released from restrictions	247,945	(247,945)	-	-
Total Revenues	<u>1,468,941</u>	<u>(25,033)</u>	<u>46,657</u>	<u>1,490,565</u>
Expenses:				
Program services	1,397,837	-	-	1,397,837
Supporting services:				
General and administrative	24,367	-	-	24,367
Fundraising	16,627	-	309	16,936
Total Expenses	<u>1,438,831</u>	<u>-</u>	<u>309</u>	<u>1,439,140</u>
Change in Net Assets	30,110	(25,033)	46,348	51,425
Net Assets, beginning of fiscal year	<u>96,303</u>	<u>43,473</u>	<u>-</u>	<u>139,776</u>
Net Assets, end of fiscal year	<u>\$ 126,413</u>	<u>\$ 18,440</u>	<u>\$ 46,348</u>	<u>\$ 191,201</u>

See accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities:</b>		
Increase in net assets	\$ 138,948	\$ 51,425
Increase (decrease) in operating assets:		
Accounts receivable	(85,116)	(90,297)
Prepaid expenses	1,580	(3,527)
Inventory	(51,744)	68,364
Increase (decrease) in operating liabilities:		
Accounts payable	(19,345)	8,294
Deferred revenues	(48,196)	48,721
Accrued expenses	2,653	8,369
	<u>(61,220)</u>	<u>91,349</u>
Net cash provided by (used in) operating activities		
<b>Cash Flows From Investing Activities:</b>		
Change in beneficial interest in assets held by others	(57,981)	-
	<u>(57,981)</u>	<u>-</u>
Net cash provided by (used in) investing activities		
	<u>(57,981)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(119,201)	91,349
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>136,130</u>	<u>44,781</u>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<u><u>\$ 16,929</u></u>	<u><u>\$ 136,130</u></u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the fiscal year for interest	<u><u>\$ 804</u></u>	<u><u>\$ 4,622</u></u>

See accompanying notes to financial statements.



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	<b>Total Program Services</b>	<b>Supporting Services</b>			<b>2012 Total</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>	
Salaries	\$ 916,125	\$ 2,344	\$ 36,000	\$ 38,344	\$ 954,469
Contract services	428,733	-	-	-	428,733
Benefits	258,278	2,187	4,630	6,817	265,095
School programs	110,266	-	-	-	110,266
Facilities	80,402	788	598	1,386	81,788
General administrative	26,269	214	1,014	1,228	27,497
Supplies & small equipment	23,821	14	-	14	23,835
Travel	21,495	-	279	279	21,774
Employee leave expense	18,289	-	-	-	18,289
Bad debt expense	17,136	-	-	-	17,136
Food & meetings	15,694	-	483	483	16,177
Conf/Convention/Training	14,276	-	75	75	14,351
Printing & copying	10,981	-	-	-	10,981
Marketing & public relations	9,859	-	-	-	9,859
Professional fees	6,285	-	-	-	6,285
Volunteer expenses	5,488	-	-	-	5,488
Fundraising expense	884	-	936	936	1,820
Miscellaneous	52	-	-	-	52
	<u>\$ 1,964,333</u>	<u>\$ 5,547</u>	<u>\$ 44,015</u>	<u>\$ 49,562</u>	<u>\$ 2,013,895</u>

See accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2011**

	<b>Total Program Services</b>	<b>Supporting Services</b>			<b>2011 Total</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>	
Salaries	\$ 621,524	\$ 15,840	\$ 13,637	\$ 29,477	\$ 651,001
School programs	238,918	-	-	-	238,918
Contract services	224,146	-	-	-	224,146
Benefits	157,747	1,921	1,457	3,378	161,125
Facilities	36,811	3,929	681	4,610	41,421
General administrative	23,569	1,812	395	2,207	25,776
Supplies & small equipment	21,093	507	-	507	21,600
Marketing & public relations	19,100	-	-	-	19,100
Printing & copying	11,814	334	-	334	12,148
Travel	8,935	-	17	17	8,952
Employee leave expense	8,370	-	-	-	8,370
Food & meetings	8,317	24	-	24	8,341
Conf/Convention/Training	6,485	-	-	-	6,485
Volunteer expenses	5,327	-	-	-	5,327
Professional fees	5,048	-	-	-	5,048
Fundraising expense	120	-	440	440	560
Miscellaneous	513	-	-	-	513
	<u>\$ 1,397,837</u>	<u>\$ 24,367</u>	<u>\$ 16,627</u>	<u>\$ 40,994</u>	<u>\$ 1,438,831</u>

See accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Communities In Schools of Greater New Orleans, Inc. ("CIS") is a non-profit organization that provides preventive dropout services and programs for students in public schools in the Greater New Orleans region.

The mission of CIS is to surround students with a community of support, empowering them to stay in school and achieve in life. By bringing caring adults into schools to address children's unmet needs, CIS provides the link between educators and the community. The result is that teachers are free to teach, and students, many in jeopardy of dropping out, have the opportunity to focus on learning.

Program Services provided by CIS are as follows:

*School Resources And Materials*

School supplies, equipment and materials are usually limited to those items which are donated to CIS for further distribution to a school for use by its students and teachers. In addition, donors often make a direct contribution to CIS and CIS facilitates the purchase of school materials and equipment in accordance with the wishes of the donor and in fulfillment of a need expressed by the school. CIS also uses some of its own funds to provide for materials used by CIS staff in the delivery of their services at the schools.

*Coordination of Resources and Materials*

CIS also coordinates the connection of direct services to students based on a CIS needs assessment of the student(s). The services may be provided by agencies and organizations using paid or volunteer staff, or the services may be provided directly by CIS staff and volunteers. This includes such services as primary health care, mental health care, academic tutoring, mentoring, afterschool programs, enrichment programs, counseling and supportive guidance and parental engagement.

**Basis of Accounting** - The financial statements of CIS have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation** - Financial statement presentation follows the provisions of *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which established external financial reporting for not-for-profit entities which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- **Unrestricted** – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- **Temporarily Restricted** – Net assets whose use by CIS is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of CIS pursuant to such stipulations.
- **Permanently Restricted** – Net assets whose use by CIS is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of CIS.

**Cash and Cash Equivalents** - For purposes of the Statements of Cash Flows, CIS considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Inventory** - Inventory consists of donated supplies and publications. Donated inventory is carried at fair value at the time of the contribution.

**Beneficial Interest in Assets Held by Others** – Beneficial interest in assets held by others consists of assets transferred to the Greater New Orleans Foundation for investment purposes, with the understanding that the income pertaining to these assets would be distributed to CIS.

The Board of Trustees of the Greater New Orleans Foundation have the power to modify any restriction or condition on the distribution of funds for any specified charitable organization or organizations if in the sole judgment of the Board of Trustees (without any approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

**Contributions** - Contributions are recognized when the donor makes a promise to give to CIS that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

CIS uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. It is management's judgment that any allowance for uncollectible receivables is immaterial as of June 30, 2012 and 2011.

**Contributed Materials and Services** - CIS records various types of in-kind contributions. In-kind contributions support is recognized in accordance with the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958-30). This pronouncement requires recognition of contributed

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

services received, if those services create or enhance long-lived assets or require specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

CIS received contributed materials and supplies for its programs during the years ended June 30, 2012 and 2011 with fair values on the dates of donation of \$97,584 and \$60,544, respectively.

CIS did not receive contributed professional services during the years ended June 30, 2012 and 2011.

In addition, volunteers have served on the Board, various committees and in schools under the direction of CIS staff in CIS-coordinated programs and projects. The total of all volunteer hours, excluding services provided by thirty-three (33) AmeriCorps members totaled approximately 3,075 hours during the year. These contributions of in-kind services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition.

**Contract Income** – Represent program fees provided to CIS by outside organizations. These funds require CIS to provide resources and materials to schools in the greater New Orleans area. These funds are considered to be earned when qualifying expenditures are made and all other requirements have been met.

**Federal and State Program Income** - Represent grants or contract income from Federal and State programs that are passed through another entity for use on specific projects. Most programs are funded on a reimbursement and revenues are considered to be earned when expense is incurred and reimbursement is requested.

**Deferred Revenue** - Represent program fees provided to CIS by outside organizations that CIS have not earned as of fiscal year end. Funds are considered to be earned when qualifying expenditures are made and all other requirements have been met and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

**Functional Expense Allocation** - Expenses are charged to each program directly when the charge is identified to the program. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide the overall support and direction of CIS.

**Income Tax Status** - CIS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, CIS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events** – CIS has evaluated subsequent events through October 29, 2012, which is the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

CIS maintains its cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending June 30, 2012. At times, the balance may exceed the federally insured amount. Additionally, in accordance with the Dodd-Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by the FDIC. This provision is effective from December 31, 2010 through December 31, 2012.

**NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

For purposes of endowment, CIS has placed funds on deposit with the Greater New Orleans Foundation. The deposit is a permanent endowment, to be held in perpetuity by the Greater New Orleans Foundation, with only an income distribution available to CIS each year.

Distributions from the endowment funds are subject to the Greater New Orleans Foundation's endowed fund spending policy. In general, distributions are made automatically by the Greater New Orleans Foundation in the first quarter of each calendar year. The annual distribution will be made in the amount allocated by the Greater New Orleans Foundation based on its spending policy.

The investments are reported at market value.

For the years ended June 30, 2012 and 2011, CIS had the following endowment-related activities:

	<u>2012</u>	<u>2011</u>
Contributions to endowment fund	\$ 57,116	\$ -
Interest and dividend income on investments	129	-
Unrealized gains	756	-
Administration fees	<u>(20)</u>	<u>-</u>
 Beneficial interest in assets at June 30	 <u>\$ 57,981</u>	 <u>\$ -</u>

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 4 – ACCRUED EMPLOYEE LEAVE**

CIS full-time employees may earn up to twelve (12) paid time off (PTO) days each year. Full-time employees that work through the completion of the fiscal year are eligible to carry over five (5) PTO days. Upon termination or resignation, any accumulated employee leave is paid to the former employee. Accrued employee leave was \$18,289 and \$18,752 as of June 30, 2012 and 2011, respectively, and is included in accrued expenses on the accompanying Statements of Financial Position.

**NOTE 5 – OPERATING LEASE**

CIS leases its office space under the terms of a lease agreement accounted for as an operating lease. The lease is on a month-to-month basis requiring monthly lease payments of \$1,950 and \$1,200 for each of the years ended June 30, 2012 and 2011, respectively. Rent expense for the years ended June 30, 2012 and 2011 was \$22,680 and \$14,520, respectively, and is included under Facilities in the accompanying Statements of Functional Expenses.

**NOTE 6 – LINE OF CREDIT**

CIS entered into an agreement with a local bank on September 29, 2009, which provides for borrowings up to \$50,000 at a variable rate of interest. Outstanding borrowings under the Credit Agreement are unsecured. As of June 30, 2012 and 2011, CIS had \$100 outstanding on this line of credit at an annual rate of interest of 7%. For the years ended June 30, 2012 and 2011, CIS paid \$804 and \$4,622, respectively, for interest on the line of credit. On September 13, 2010, this line of credit was increased to allow borrowings of up to \$100,000.

**NOTE 7 – UNCERTAIN INCOME TAX POSITIONS**

Accounting principles generally accepted in the United States of America require CIS management to evaluate tax positions taken by CIS and recognize a tax liability if CIS has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. CIS management has analyzed the tax positions taken by CIS, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. CIS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CIS management believes it is no longer subject to income tax examinations for years prior to 2009.



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2012 and 2011**

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

For the years ended June 30, 2012 and 2011, CIS had the following temporarily restricted related activities:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Contributions	\$ 1,107,659	\$222,912
Released from restrictions	<u>(1,052,418)</u>	<u>(247,945)</u>
Increase (decrease) in temporarily restricted net assets	55,241	(25,033)
Available for School Resources and Materials at July 1	<u>18,440</u>	<u>43,473</u>
Available for School Resources and Materials at June 30	<u>\$ 73,681</u>	<u>\$ 18,440</u>

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

For the years ended June 30, 2012 and 2011, CIS had the following permanently restricted activities:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Contributions to endowment fund	\$ 11,166	\$ 46,657
Investment fees	<u>437</u>	<u>309</u>
Increase in permanently restricted net assets	10,729	46,348
Permanently restricted net assets at July 1,	<u>46,348</u>	<u>-0-</u>
Permanently restricted net assets at June 30,	<u>\$ 57,077</u>	<u>\$ 46,348</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board of Directors  
Communities In Schools of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the financial statements of Communities In Schools of Greater New Orleans, Inc. ("CIS") (a nonprofit organization), as of and for the year ended June 30, 2012 and have issued our report thereon dated October 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of CIS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CIS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CIS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CIS's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about CIS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

October 29, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Communities In Schools of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

Compliance

We have audited Communities in Schools of Greater New Orleans, Inc.'s ("CIS") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CIS's major federal programs for the year ended June 30, 2012. CIS's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CIS's management. Our responsibility is to express an opinion on CIS's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CIS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CIS's compliance with those requirements.

In our opinion, CIS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of CIS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered CIS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CIS's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

October 29, 2012



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Justice</u>		
Office of Juvenile Justice and Delinquency Prevention		
Juvenile Mentoring Program	16.726	\$ 41,244
Total U.S. Department of Justice		41,244
<u>U.S. Department of Health and Human Services</u>		
Passed-Through Louisiana Public Health Institute:		
Teenage Pregnancy Prevention Program	93.297	\$ 148,733
Total U.S. Department of Health and Human Services		148,733
<u>Corporation for National and Community Service</u>		
Passed-Through Communities In Schools of Arizona:		
AmeriCorps*	94.006	\$ 420,977
Total Corporation for National and Community Service		420,977
Total Federal Assistance		\$ 610,954

\* Identified as a major program

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Communities in Schools of Greater New Orleans, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**A. SUMMARY OF AUDITOR'S RESULTS**

- The auditor's report expresses an unqualified opinion on the financial statements of Communities In Schools of Greater New Orleans, Inc. (a nonprofit organization).
- No instances of noncompliance material to the financial statements of Communities In Schools of Greater New Orleans, Inc. (a nonprofit organization) were disclosed and identified during the audit.
- No significant deficiencies relating to the audit in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
- The *Report on Compliance with Requirements Applicable that could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
- There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- A management letter was not issued for the year ended June 30, 2012.
- The programs tested as a major program for the year ended June 30, 2012 were:

<u>Program Title</u>	<u>CFDA No.</u>
Americorps	94.006

- The threshold for distinguishing between Type A and Type B programs was \$300,000.
- Communities In Schools of Greater New Orleans, Inc.(a nonprofit organization) did not qualify as a low-risk auditee.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings related to the financial statements for the year ended June 30, 2012.



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE**

Not applicable

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR  
FEDERAL AWARD PROGRAMS**

Not applicable

**SECTION III – MANAGEMENT LETTER**

Not applicable.